

PX 107

Message

From: Phil Rapoport [REDACTED]@ripple.com]
on behalf of Phil Rapoport [REDACTED]@ripple.com]
Sent: 7/30/2014 4:33:56 AM
To: Monica Long [REDACTED]@ripple.com]
Subject: Re: Current statement

Looks good. Some thoughts:

- I think you can get to the meat of it (the settlement terms w/ Jed) more immediately. I'd move info about Chris and Arthur to the end, esp since we dont have any concrete details to provide on Chris/Arthur. Jed is the main concern right now.

- Subject: RL settlement terms with Jed

- "In exchange for assuming this risk, they retained 20 billion XRP, which they divided amongst themselves." It's not clear what the risk is that they took on. It sounds like they just wanted to pay themselves. I'd consider omitting this paragraph discussing why the founders got XRP, because it is not what people care about right now, in my view. I'd think the main goal is to restore confidence in the market that founders wont dump, so people feel comfortable owning XRP. Explaining a rationale for why XRP was allocated to founders should be a secondary concern. I'd jump right in with "we are pleased to announce settlement terms between Ripple Labs and Jed governing the sale of his XRP".

- I checked the data this morning, and \$10,000 per week is indeed less than 1% of weekly trade volume, so I do think this is a good way to frame the low market impact we expect.

- in explanation of terms: Jed is entitled to sell A MAXIMUM OF \$10,000 per week.

- I'd consider just omitting the info after year 4. (750mm, 1bn per week). That's effectively no limit from my perspective. We could say that after July 2018, he will be able to sell at an accelerated pace. Though there's merit to being fully transparent too... mixed feelings here.

Fingers crossed that the deal gets done!!!!

On Tue, Jul 29, 2014 at 11:11 PM, Monica Long [REDACTED]@ripple.com> wrote:

FYI - here's where we are with the statement.

Subject: Update on Founders' XRP

I know many in this community are eager to learn more about Jed's XRP holdings. I would like to take this opportunity to update you on an agreement reached by the three founders. First, it is important to understand how and why XRP was distributed amongst the original founders.

When Chris, Jed and Arthur started the company in 2012, they - with guidance from their professional advisors - determined the best way to minimize risk for Ripple Labs was to personally create 100 billion XRP and then gift it to Ripple Labs. In exchange for assuming this risk, they retained 20 billion XRP, which they divided amongst themselves. This was done with the full knowledge of investors and partners.

As the industry and Ripple evolved, it became apparent that there existed an opportunity to reclaim this allotment to maintain stability within the protocol and for stakeholders like you. Over the course of this past year, Ripple Labs has worked diligently to resolve this issue amongst the three founders in a constructive way.

As you know, Chris decided to gift 7 billion XRP to an independent foundation committed to the financially underserved. That XRP has been locked up and will be donated to the foundation over time. The foundation - the Ripple Foundation for Financial Inclusion - has been established and its charter is to help the underbanked worldwide in a way that's supportive to the Ripple ecosystem and the value of XRP. An official announcement from the foundation is forthcoming.

Arthur committed to a lock-up period for his XRP months ago. Ripple Labs is working on a broader XRP lock-up policy for team members, so his lock-up will be part of that plan.

Following Jed's stated intention to sell his XRP, Chris and Arthur reengaged Jed to ensure responsible distribution of his XRP stake in a way that helps grow the Ripple ecosystem. After reviewing many options, Jed has agreed to lock-up terms for his XRP. Given the acute interest in Jed's distribution plans, the founders and their legal advisors worked to finalize his agreement first. By the terms, he's entitled to sell:

- \$10,000 per week during the first year
- \$20,000 per week during the second, third and fourth years
- 750 million XRP per week at pro rata for the fifth year
- 1 billion XRP per week at pro rata for the sixth year

- 2 billion XRP per week at pro rata for the seventh year

For context, \$10,000 per week currently comprises less than one percent of volume, so it'd have a minimal impact to the price of XRP.

As you know, Chris and Jed hold very different viewpoints on how Ripple will re-architect finance for the betterment of the world. But it's also important to acknowledge that they both share the ultimate desire to see that change realized. Chris, our team at Ripple Labs, our partners, investors and I'm sure you, our community, are pleased to have reached a final, constructive outcome so that we can continue on with the important work we care about and believe in so deeply.